

complaint

Mrs F complains that Nationwide Building Society won't refund money taken from her account without her authority.

background

Mrs F held a Nationwide ISA. In November 2011, Nationwide allowed a third party to close the account and withdraw the £25,326.98 balance. The money was put in an account in Mrs F's name with another bank. It was then spent by the third party, who had access to that account. Mrs F complained to Nationwide. She felt it shouldn't have allowed the withdrawal.

Nationwide accepted Mrs F didn't authorise the withdrawal. But it said it took identification and at the time had no reason to think anything was amiss. Nationwide said this was a civil matter between Mrs F and her daughter. It added that the money was moved into another account in Mrs F's name, and so it remained in her possession. Nationwide didn't consider it was liable to reimburse Mrs F, but offered her £250 for her distress and inconvenience. But Mrs F didn't accept Nationwide's offer.

my provisional findings

I issued my provisional decision in September 2013. In it, I set out why I was minded to uphold the complaint. I invited the parties to let me have any further information or evidence, if they wished, before I finally determined the complaint. My provisional findings were, in summary:

- I didn't agree this was simply a matter between Mrs F and her daughter. Mrs F was entitled to complain about Nationwide's actions in debiting her account. And both parties agreed the withdrawal from Mrs F's ISA wasn't authorised. So Mrs F was entitled to have her financial position restored; and
- Nationwide hadn't offered any persuasive argument that its liability should be mitigated. A forged signature – however good a forgery – isn't a valid authority. That Nationwide might have believed it was dealing with a genuine customer doesn't change the fact that it wasn't. And but for Nationwide's actions in allowing the payment, Mrs F wouldn't have lost the money. What the third party did with the funds after taking them from Nationwide didn't alter that fact.
- The matter was likely to have caused Mrs F significant distress and inconvenience. She'd been without her money for almost two years. And even if she was reimbursed, she'd lost her entitlement to tax-free interest on the money. My proposed award was intended to reflect all of this.

my findings

I have reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Nationwide said it had nothing further to add to its original submissions. It said it would wait to hear whether Mrs F accepted my provisional decision. Mrs F simply said she understood it was Nationwide's policy to require photographic identification for larger value transactions. She didn't query my proposed resolution. In light of this, I see no reason to depart from the conclusions I reached in my provisional decision.

my final decision

My final decision is that I uphold Mrs F's complaint. In full and final settlement of it, Nationwide Building Society should now:

1. pay Mrs F £25,053.05, representing the money deposited in the ISA when it was opened on 22 October 2010;
2. pay interest on this amount so that Mrs F receives an amount equivalent to that she would have received over the three-year term had the ISA been kept until maturity on 29 October 2013;
3. pay Mrs F £210 to reflect the loss of tax efficiency on the interest she could expect to receive on her money. I have calculated this on the basis that Mrs F will reinvest the money by using her cash ISA annual allowance (currently £5,760) in full for the next four years and receive an annual interest rate of 2%; and
4. pay Mrs F £500 in recognition of her distress and inconvenience.

Niall Taylor
ombudsman